

Opening Statement of the Honorable Fred Upton
Chairman, House Committee on Energy and Commerce
“Waste, Fraud and Abuse:
A Continuing Threat to Medicare and Medicaid.”
March 2, 2011

Thank you, Chairman Stearns, for holding this hearing on the battle against waste, fraud, and abuse in our Medicare and Medicaid systems. This perpetually recurring problem costs taxpayers tens of billions of dollars every year.

Along with eliminating burdensome government mandates and promoting job growth, I pledged in our Committee Oversight Plan to cut government spending through the elimination of waste, fraud, and abuse. This is a great place to start.

\$60 billion a year is lost to Medicare fraud. We are not even sure about the amount lost to fraud in the Medicaid system—the HHS Deputy Inspector General for Evaluation and Inspections wrote that CMS does not adequately capture this data. We can’t accurately estimate the extent of these problems in Medicaid, yet we are spending \$674 billion over the next 10 years to expand the program. The Administration should end the rampant fraud in the system before vastly expanding it.

Now it must be noted that enforcement efforts have increased and those involved, including our witnesses, should be applauded. Last year, a record \$4 billion was recovered from fraudulent providers and suppliers and, just this month, 111 defendants were arrested and charged with various schemes to defraud the government of more than \$240 million. Yet, we still have a long way to go.

Democrats will inevitably say that since we voted to repeal PPACA, we must be against the new tools and authorities given to HHS and CMS. I would counter that the elimination of the fraudulent practices discussed today will actually be a pillar of our replacement efforts as opposed to the tangential treatment it received in ObamaCare.

We must focus on detecting and preventing fraud before the check is out the door and the criminal has moved on. Fraudulent practices are increasingly sophisticated and we need to catch up. This January, HHS announced that it has new systems in place to enhance the screening processes for providers and suppliers and I look forward to hearing more about these efforts.

I hope the Administration will learn what is required to eliminate the fraud in the system and not just put a dent in it.

Thank you, Mr. Chairman. I yield back the balance of my time.